

# Rural Development



**"Strengthening rural communities in North Dakota"**

**Rural Development  
in North Dakota provided  
in excess of \$45 million  
of assistance to rural  
residents**

## Rural Housing

- **\$17,810,216 in loan funds and guarantees were provided by Rural Development in North Dakota to meet rural North Dakotas growing housing needs**
- **406 rural families were assisted with the purchase or repair of their home**

## Community Programs

- **\$5,000,000 in loans and grants to rural communities for Water and Waste projects**
- **\$1,639,500 funding provided for Community Facility projects**

## Business & Industry

- **Over \$12.9 million loaned to rural businesses**

*I am pleased to report that 1999 has been a great year for Rural Development, our staff and our customers. USDA/Rural Development, through its loan and grant programs, invested \$45,531,096 in rural North Dakota. This was accomplished while continuing to down size and streamline our organization. With the assistance of our partners, Rural Development was allowed to leverage millions of dollars.*



*Rural Development's investment in rural North Dakota is particularly important in slowing and/or stopping the outmigration from our rural areas. We are particularly proud of our record in helping communities with strategic planning for the future and then following through with funds to improve infrastructure and finance new business ventures or homes. Because of our efforts, and the efforts of our partners, Rural Development is increasing job opportunities and improving the quality of life in rural North Dakota.*

*I want to give a "big" thank you to all our many partners for their hard work and assistance. I also want to recognize and say "thank you" to all the Rural Development employees in North Dakota for their hard work and dedication. Their positive attitude and their firm belief in North Dakota resulted in another excellent year of program delivery to the residents of North Dakota.*

*This was a great finish of the old millennium, and we are well on our way to an even better first year in the new millennium.*

A handwritten signature in cursive script that reads "Charles F. Mertens".

Charles F. Mertens  
State Director

# FISCAL YEAR 1999 FUNDING

	Administrative	# of Full Time	# of Local	# of RH Loans	RH, CF & MFH \$	Business Programs \$	Total RH, CF, MFH & BP \$
FY `95	\$1,343,928	213	48	259	\$10,394,610	\$15,781,000	\$26,175,610
FY `96	663,190	73	8	369	16,945,040	12,463,827	29,408,867
FY `97	610,874	66	7	486	16,045,192	36,025,888	52,071,080
FY `98	664,677	65	7	449	17,670,160	23,077,755	40,747,915
FY `99	473,464	63	7	406	17,810,216	27,720,880	45,531,096
RH - Rural Housing      MFH - Multi-family Housing CF - Community Facilities    BP - Business Programs							

## Rural Housing Programs

*In FY 1999, 406 home loans and grants were made in North Dakota*

### Single Family Housing

USDA Rural Development has been making the American Dream come true by providing affordable housing to rural residents for over 60 years. Our housing programs are designed to assist persons in purchasing new or existing homes. In FY 1999, we obligated **\$10,625,750** through our **Guaranteed Rural Housing Program**. As a result, 212 families were able to purchase a home of their own.

Through our **Direct Home Loan Program**, **101 families** purchased homes amounting to \$4,297,149.

### Home Repair Loans and Grants

The added cost of needed home repairs is frequently unmanageable for many elderly or low income rural residents. Home repair loans and grants are often necessary to remove health and safety hazards and to make homes accessible to people with disabilities.

This year, Rural Development in North Dakota made **21 Repair Loans** amounting to **\$114,479**. **There were 17 Repair Grants** for a total of **\$84,681** and a **Housing Preservation grant** for **\$50,000**. These loans and grants helped some families and individuals install facilities that many of us take for granted. Repair loans and grants often are used to bring running water to homes, hot water heaters to families who have never had hot water in their homes, and improvement to electrical systems that do not meet safety codes. The need for home repair in our rural areas is tremendous.

### Natural Disaster Loans and Grants

We all know that Mother Nature can be very unpredictable at times. In 1999, North Dakota was home to many natural disasters. During FY '99, we obligated **27 Natural Disaster 504 Grants** totaling **\$147,710**; **4 Natural Disaster 504 Loans** totaling **\$33,720**, and **14 Natural Disaster 502 Loans** totaling **\$498,590**.

### Multi-Family Housing

For families that cannot afford to purchase a home, we have a multi-family housing program, which provides low-income families with safe housing in an apartment setting. Depending on income some families may qualify for assistance or subsidies to pay rent.

In FY 1999 Rural Development in North Dakota obligated **a project for \$260,250**, and assisted families with **over \$7 million in rental assistance**. There are **over 3,555 units of multi-family housing** financed by Rural Development in North Dakota.

### Community Facility Program

*New and expanded community facilities improve the quality of life*

Providing needed public facilities in rural North Dakota, Rural Development funded **5 projects totaling \$1,639,500** in loans, grants and guarantees.

This year's projects included construction of day care facilities, fire stations, mental health facilities, hospital improvements, a health clinic, senior citizen facilities, and others.

## **Water and Wastewater Program**

*More than \$5 million obligated for clean water and wastewater systems.*

Rural Development Loans and Grants for water and wastewater systems to rural areas or municipalities can be used for the construction of new systems, or for improvements and extensions to existing projects.



Maddock Technology Center  
Winner of the 1999 American On Line (AOL)  
Rural Telecommunication Award

## **Rural Business Enterprise Grant Program**

The Rural Business Enterprise Grant (RBEG) Program assists small and emerging private businesses by providing funding for startup costs. The grants can only be made to an eligible entity such as a tribe, non-profit or public body. **During this fiscal year, \$1,279,000 in grant funds were awarded.** These funds were designated to provide technical assistance or revolving loans to benefit private business enterprises.

## **Business and Industry Loan Program**

Designed to help provide a positive environment for economic growth and stability for rural areas, the Business & Industry Program for North Dakota totaled **\$12,971,300** in FY '99.

A variety of projects were funded in FY 1999, which include gas stations/convenience stores, and various manufacturing and motel projects. Funds can be used to finance real estate, equipment or permanent working capital.

## **Cooperative Development**

In FY 1999, the Agency through an experienced

Cooperative Development Specialist, provided a wide range of assistance for people interested in forming new cooperatives including identifying potential cooperative functions and best business practices, assisting with



Cirrus Design SR20  
Manufactured by Dakota Aircraft Corporation

organization and business plans and providing training for directors. Technical assistance was provided to existing cooperatives to overcome problems, and help with planning and provide training.

Cooperatives in rural areas may use our guaranteed loans to invest in machinery and equipment, real estate and working capital.

## **Earth Day**

The Earth Day Initiative is to provide wastewater and safe drinking water system improvements to protect the environment.



USDA/Rural Development State Director Charles F. Mertens presents a ceremonial check to Richard J. LaFromboise, Tribal Chairperson of the Turtle Mountain Band of Chippewa Indians, along with council members, during an Earth Day event.



## **REAP Zones**

It all began in August 1993, when President Clinton agreed to work with Senator Byron Dorgan of North Dakota to develop a pilot project to address the unique rural economic problems of job loss and outmigration in certain rural areas of the country. Such a project, it was hoped, would help to better define the link between the overcrowding in many urban areas and the job loss and outmigration from rural areas.

North Dakota was selected as the first location to put in place a pilot program to search for ways to revitalize heavily farm dependent areas now suffering from outmigration and job loss. The state is projected to lose 45,000 residents between 1990 and 2010.

To address this unique set of problems, Senator Dorgan called for the creation of rural investment zones - Rural Economic Area Partnerships (REAPs) - to bring new economic opportunities to North Dakota and similarly affected areas in rural America.

Two zones were created as pilot areas for deployment of the newly established REAP program. The first zone was called the Center of North American Coalition (CONAC) REAP Zone included the counties of: McHenry, Bottineau, Rolette, Towner, Pierce and Benson, and the Indian reservations of the Turtle Mountain Chippewa and Devils Lake.



US Senator Byron Dorgan, and USDA/Rural Development State Director Charles F. Mertens, present a ceremonial check to the Rural Economic Area Partnership (REAP) Board.

The second zone was called the Southwest REAP Zone. This area includes the counties of Dunn, Stark, Hettinger, Adams, Bowman, Slope, Golden Valley, and Billings; and the Indian reservation of Fort Berthold.

Steering committees were formed in each Zone. Rural Development provided funding to develop strategic plans for both Zones. In order to operate and fund projects in both REAP Zones, a single non-profit organization was established. This organization is called the REAP Investment Board and acts as the fiscal agent and resource collection/distribution source for both Zones. The REAP Investment Board is made up of members from both REAP Zones. Rural Development agreed to make available technical and administrative assistance and would utilize all its programs in both Zones.

The Zones have started to see the results from their hard labor. No specific appropriations were designated for the REAP Zones until fiscal year 2000. During that period, special set asides were established in a number of Rural Development Programs. The North Dakota REAP Zones were successful in receiving the largest Rural Development Rural Business Opportunity Grant (RBOG). The RBOG, in the amount of \$615,000, was the largest grant in the nation, and was announced during the first funding of this new program.

The Zones were also successful in being awarded a HUD-EDI Special Projects Grant in the amount of \$915,000 during this past year. The Zones are planning to leverage the funds which will impact funding and provide for more opportunity in each Zone.

## **Griggs/Steele Empowerment Zone**

In Fiscal Year '99, the U. S. Department of Agriculture announced the Round II winners receiving Empowerment Zone (EZ) or Enterprise Communities (EC) status. New hope came to North Dakota when Griggs and Steele counties were selected one of only five (EZ/EC) awarded status in the nation. These two counties have been suffering from a 25 percent out-migration of population and from a stagnant economy due to the effects of a lagging agriculture industry.

Starting with the signing of their Memorandum of Agreement, the Griggs/Steele Empowerment Zone took control of their own destiny. The EZ program is based upon principles of sustainable development, leadership from the local grassroots level, economic opportunity, long-range strategic planning and community based partnerships. The Empowerment Zone program provides the Griggs/Steele Empowerment Zone with \$2 million each year, for ten years. Because of its EZ designation, the Zone becomes eligible to receive tax credits and is given special consideration when applying for grants and loans from the U.S. Government.

Kim Sheffield was hired as the Zone's Executive Director for development. Ms. Sheffield comes to the Zone with a wide range of experience after working with the Enterprise Communities in Georgia for many years.

*What's an Empowerment Zone? "It's a bottoms-up community development program where the community decides its own solutions to its problems."*

*Kim Sheffield  
Executive Director  
Griggs-Steele Empowerment Zones*



Roger Monson, president of the Griggs/Steele Empowerment Board (EZ) signing Memorandum Of Agreement, while Art Campbell, Deputy Under Secretary for Policy and Planning for USDA/Rural Development looks on.

The Griggs/Steele Empowerment Zone was the only Round II Zone able to draw down funds in fiscal year 1999. To date, the Zone has received two years, or \$4 million, of its funding.

In addition the Griggs/Steele Empowerment Zone has put together a Revolving Loan Fund, at an annual interest rate of 5 percent, to be used to finance new and existing development projects within the Zone.

The Revolving Loan Fund has loaned more than \$1.3 million for projects in the Zone.

### **Burke/Divide, Dakota Partners and Rolette County Champion Communities**

After the announcement of Round II applicants receiving Empowerment Zone and/or Enterprise Communities status, communities not selected were given Champion Community designation. North Dakota received three such designations, Burke/Divide, Dakota Partners and Rolette County. The Champion Communities have signed Memorandum of Agreement with USDA/Rural Development, and have begun restoring their economies and reducing the negative effects of outmigration.

By having Champion Community status, these communities are entitled for technical assistance from Rural Development. The

North Dakota Champion Communities along with the REAP Zones have joined together and formed the Champion/REAP Alliance. This Alliance provides these communities with administrative, economic development, and technical assistance. Dickinson University has hired Cindy Sanford as the coordinator of the Alliance. Ms Sanford's responsibilities include, assisting the communities with the USDA on-line benchmarking system, resource acquisition and any development activity needed by the member communities. The Alliance obtained \$100,000 of combined funding from the REAP Zones and the North



Burke/Divide, Dakota Partners and Rolette County become Champion Communities

Dakota Department of Economic Development and Finance. The funds will be used for operational purposes.

*USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410*

## ***USDA Rural Development Vision Statement***

***Partners in helping the people of Rural America  
develop sustainable communities.***

## ***USDA Rural Development Mission Statement***

***Enhance the ability of rural communities to develop,  
to grow and to improve their quality of life by  
targeting financial and technical resources in areas of greatest  
need through activities of greatest potential***